

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

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FM SECSTATE WASHDC

TO AMEMBASSY BLANTYRE

C O N F I D E N T I A L STATE 110966

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJECT: MALAWI SUGAR QUOTA

REF: BLANTYRE 623, 657

1. DEPT IS SYMPATHETIC TO MALAWI'S DESIRE FOR INCREASED SUGAR QUOTA. HOWEVER, APPROACH TO HOUSE AGRICULTURE COMMITTEE (HAC) NOT FEASIBLE AND WOULD BE UNPRODUCTIVE, SINCE SUGAR LEGISLATION HAS ALREADY BEEN REPORTED TO HOUSE FLOOR (STATE 100168). THEREFORE, DEPARTMENT WILL NOT UNDERTAKE SUCH APPROACH. IN ANY EVENT, DEPT'S CONSISTENT POSITION IN TESTIMONY BEFORE HAC AND ELSEWHERE HAS BEEN TO SUPPORT NO CHANGE OR ONLY MINIMAL CHANGE IN FOREIGN QUOTAS. THIS POSITION HAS BEEN TAKEN BECAUSE IT IS SIMPLY NOT POSSIBLE FOR DEPT OR CONGRESS TO FIND ANY RATIONAL, OBJECTIVE STANDARD TO JUDGE POLITICAL AND ECONOMIC FACTORS UNDERLYING CASES OF THE MANY QUOTA COUNTRIES REQUESTING INCREASES. AS EMBASSY WILL REALIZE, HYPOTHETICAL DEPARTMENT-
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MENT SUPPORT FOR QUOTA INCREASE IN CASE OF COUNTRY X WITH

CONCOMMITANT LACK OF SUPPORT FOR OR OPPOSITION TO QUOTA INCREASE FOR COUNTRY Y WOULD ONLY LEAD TO UNNECESSARY IRRITANT IN BILATERAL RELATIONS WITH Y. IN SITUATION WHERE DEPARTMENT HAS NO DIRECT CONTROL AND LITTLE INFLUENCE OVER ULTIMATE DECISIONS ON QUOTA ALLOCATIONS, WE SEE NO MERIT IN TAKING PRO OR CON POSITION FOR INDIVIDUAL COUNTRIES. DEPT HAS SOUGHT TO AVOID GIVING ANY COUNTRY REASON TO BELIEVE IT

SUPPORTS INCREASE FOR THAT COUNTRY. DEPT WILL HOWEVER BRING GOM NOTE TO ATTENTION OF SENATE FINANCE COMMITTEE AT APPROPRIATE TIME.

2. HAC USED PERFORMANCE FORMULA ALMOST EXCLUSIVELY IN DECIDING ON FOREIGN QUOTAS. AFTER CHANGE MADE BY FOLEY AMENDMENT (PARA 4 STATE 97835), TREATMENT OF MALAWI IS SLIGHTLY MORE FAVORABLE THAN ANY COUNTRY LISTED IN PARA 2 (A) STATE 92672 EXCEPT VENEZUELA, WEST INDIES, AND THAILAND. WE BELIEVE HAC QUOTA ALLOCATION FORMULA IS AS RATIONAL AND DEFENSIBLE AS ANY THAT COULD BE DEvised. THEREFORE DEPT WILL NOT RPT NOT FORMALLY ESPOUSE MALAWI CASE FOR 100 PERCENT INCREASE IN QUOTA DURING SENATE CONSIDERATION. WE OF COURSE HAVE NO OBJECTION TO MALAWI SEEKING INCREASED QUOTA IN TESTIMONY BY LOBBYIST BEFORE SENATE FINANCE COMMITTEE AND HAVE SO INFORMED MALAWI EMBASSY HERE. SENATE COMMITTEE MAY MAKE CHANGES IN QUOTAS. FYI ONLY- SOME POSSIBILITY EXISTS THAT SOUTH AFRICAN QUOTA MAY BE DELETED AND REDISTRIBUTED TO OTHER AFRICAN SUPPLIERS. END FYI.

3. IN RESPONSE TO GOM NOTE YOU MAY DRAW UPON FOLLOWING AS WELL AS INFO IN PARAS 1 AND 2: DEPARTMENT IS AWARE THAT MALAWI HAD REQUESTED INCREASE IN ITS QUOTA FROM 15,000 TONS TO 30,000 TONS, AND UNDERSTANDS THE IMPORTANCE OF SUGAR TO MALAWI'S ECONOMY. WHILE DEPT SYMPATHETIC TO AND WOULD HAVE WISHED TO SUPPORT SUCH AN INCREASE, IT IS UNFORTUNATELY TRUE THAT ALMOST ALL OTHER SUPPLYING COUNTRIES ALSO REQUESTED INCREASES. DEPT THEREFORE WAS NOT IN A POSITION FORMALLY TO SUPPORT THE REQUEST OF MALAWI BEFORE HOUSE AGRICULTURE COMMITTEE. DEPARTMENT IS PLEASED THAT THE HOUSE COMMITTEE ON AGRICULTURE HAS PRO-CONFIDENTIAL

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POSED A QUOTA FOR MALAWI WHICH WILL PROBABLY PROVIDE SLIGHTLY INCREASED ACCESS TO THE US- MARKET OVER THE NEXT SEVERAL YEARS. IF BILL IS PASSED BY HOUSE, DURING COURSE SENATE CONSIDERATION OF THE LEGISLATION DEPT WILL BRING GOM NOTE TO ATTENTION OF SENATE FINANCE COMMITTEE. NOTE SHOULD ALSO STRESS THAT QUOTA ALLOCATIONS ARE CONGRESSIONAL DECISION AND EXECUTIVE BRANCH PLAYS ONLY ADVISORY ROLE. RUSH

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